NOBLE CORP
Form 10-K
February 25, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2012

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number: 000-53604

NOBLE CORPORATION

(Exact name of registrant as specified in its charter)

Switzerland	**98-0619597**
(State or other jurisdiction of	**(I.R.S. employer**
incorporation or organization)	**identification number)**
Dorfstrasse 19A, Baar, Switzerland	**6340**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: 41 (41) 761-65-55

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Shares, Par Value 3.15 CHF per Share	**New York Stock Exchange**

Commission file number: 001-31306

NOBLE CORPORATION

(Exact name of registrant as specified in its charter)

Cayman Islands	**98-0366361**
(State or other jurisdiction of	**(I.R.S. employer**
incorporation or organization)	**identification number)**

Suite 3D Landmark Square, 64 Earth Close, P.O. Box 31327

George Town, Grand Cayman, Cayman Islands KY1-1206

(Address of principal executive offices) (Zip Code)

Registrant s telephone number, including area code: (345) 938-0293

Securities registered pursuant to Sections 12(b) and 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Noble Corporation (Switzerland): Large accelerated filer	x	Accelerated filer	¨	Non-accelerated filer	¨	Smaller reporting company	¨
Noble Corporation (Cayman Islands): Large accelerated filer	¨	Accelerated filer	¨	Non-accelerated filer	x	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of June 29, 2012, the aggregate market value of the registered shares of Noble Corporation (Switzerland) held by non-affiliates of the registrant was $8.1 billion based on the closing sale price as reported on the New York Stock Exchange.

Number of shares outstanding and trading at February 11, 2013: Noble Corporation (Switzerland) 253,225,668

Number of shares outstanding: Noble Corporation (Cayman Islands) 261,245,693

DOCUMENTS INCORPORATED BY REFERENCE

The proxy statement for the 2013 annual general meeting of the shareholders of Noble Corporation (Switzerland) will be incorporated by reference into Part III of this Form 10-K.

This Form 10-K is a combined annual report being filed separately by two registrants: Noble Corporation, a Swiss corporation (Noble-Swiss), and its wholly-owned subsidiary Noble Corporation, a Cayman Islands company (Noble-Cayman). Noble-Cayman meets the conditions set forth in General Instructions I (1) of Form 10-K and is therefore filing this Form 10-K with the reduced disclosure format contemplated by paragraphs (a) and (c) of General Instruction I(2) of Form 10-K.

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This combined Annual Report on Form 10-K is separately filed by Noble Corporation, a Swiss corporation (Noble-Swiss), and Noble Corporation, a Cayman Islands company (Noble-Cayman). Information in this filing relating to Noble-Cayman is filed by Noble-Swiss and separately by Noble-Cayman on its own behalf. Noble-Cayman makes no representation as to information relating to Noble-Swiss (except as it may relate to Noble-Cayman) or any other affiliate or subsidiary of Noble-Swiss.

This report should be read in its entirety as it pertains to each Registrant. Except where indicated, the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements are combined. References in this Annual Report on Form 10-K to Noble, the Company, we, us, our and words of similar meaning refer collectively to Noble-Swiss and its consolidated subsidiaries, including Noble-Cayman.

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PART I

Item 1. Business.
General

Noble Corporation, a Swiss corporation, is a leading offshore drilling contractor for the oil and gas industry. We perform contract drilling services with our fleet of 79 mobile offshore drilling units located worldwide. We also own one floating production storage and offloading unit. Our fleet consists of 14 semisubmersibles, 14 drillships, 49 jackups and two submersibles, including 11 units under construction as follows:

- five dynamically positioned, ultra-deepwater, harsh environment drillships and
- six high-specification, heavy-duty, harsh environment jackups.

For additional information on the specifications of our fleet, see Item 2. Properties. Drilling Fleet. As of February 7, 2013, approximately 85 percent of our fleet was located outside the United States in the following areas: Mexico, Brazil, the North Sea, the Mediterranean, West Africa, the Middle East, India and Australia. Noble and its predecessors have been engaged in the contract drilling of oil and gas wells since 1921.

Business Strategy

Our goal is to be the preferred offshore drilling contractor for the oil and gas industry based upon the following overriding principles:

- operate in a manner that provides a safe working environment for our employees while protecting the environment and our assets;
- provide an attractive investment vehicle for our shareholders; and
- deliver exceptional customer service through a large, diverse and technically advanced fleet operated by competent personnel.

We have actively expanded our offshore drilling and deepwater capabilities in recent years through the construction and acquisition of rigs. As part of this technical and operational expansion, we plan to continue pursuing opportunities to upgrade our fleet to achieve greater technological capability, which we believe will lead to increased drilling efficiencies and the ability to complete the increasingly more complex well programs required by our customers.

Our business strategy also focuses on the active expansion of our worldwide deepwater capabilities through upgrades and modifications, acquisitions and divestitures of our standard specification drilling units, as well as the deployment of our drilling assets in important oil and gas producing areas throughout the world.

During 2012, we continued our newbuild program with the following 14 projects:

- we commenced operations on three dynamically positioned ultra-deepwater, harsh environment drillships: two Bully-class drillships currently operating in the U.S. Gulf of Mexico and Brazil, respectively, and one *Globetrotter*-class drillship currently operating in the U.S. Gulf of Mexico;

- we continued construction on one dynamically positioned, ultra-deepwater, harsh environment *Globetrotter*-class drillship, which is scheduled to be delivered to our customer in the fourth quarter of 2013;

- we continued construction on four dynamically positioned, ultra-deepwater, harsh environment drillships at Hyundai Heavy Industries Co. Ltd., the first of which is estimated to be delivered from the shipyard in the second quarter of 2013; and

- we continued construction on six high-specification, heavy duty, harsh environment jackups, the first of which is estimated to be delivered from the shipyard in the second quarter of 2013.

Capital expenditures, including expenditures related to the items noted above, totaled $1.7 billion during 2012.

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As part of our ongoing strategic planning process, we review our fleet and the strategic benefits of our drilling rigs. As part of this process, we continue to analyze potential divestment of certain of our standard specification units and related assets in one or more transactions. These dispositions may include sales of assets to third parties, a spin-off, or other distribution or separation of assets or a combination of such transactions. In analyzing our disposition alternatives, we consider the strategic benefit to our ongoing operations while seeking to secure what we consider appropriate value for our shareholders. While we may continue to operate some or all standard specification drilling rigs, we have taken certain preliminary steps to put ourselves in a better position to pursue a potential spin-off and/or sale should we decide to do so. These include analyzing the internal restructuring steps necessary for a potential spin-off or sale and related tax considerations, seeking certain preparatory tax rulings and commencing preparation of financial statements for a potential separate group that could be spun off or sold. We have not completed the preliminary work to effect, nor has our board of directors approved, any such transactions. We make no assurance that we will ultimately undertake or consummate any sale, spin-off or separation transactions involving our standard specification assets.

We have entered into an agreement to sell our jackup, the *Noble Lewis Dugger*, to a third party that owns and operates supply vessels, platform drilling rigs and jackups in Mexico. This unit is being sold for $61 million and the closing is expected to occur in the second quarter of 2013 after the unit has completed its contract with its current customer. The transaction is subject to customary closing conditions. We had entered into an agreement to sell the *Noble Don Walker* for $18 million. The buyer was unable to close the transaction, although we remain in discussions to potentially extend the sale agreement. The unit has been cold-stacked in Cameroon since 2009.

Demand for our services is a function of the worldwide supply of mobile offshore drilling units. Industry analysts widely acknowledge that a significant expansion of industry supply of both jackups and ultra-deepwater units has commenced, the majority of which currently have no contract. The introduction of non-contracted rigs into the marketplace will increase the supply of rigs which compete for drilling service contracts, which could negatively impact the dayrates we are able to achieve. Our strategy on newbuild construction has generally been to expand our drilling fleet in connection with a long-term drilling contract that covers a substantial portion of our capital investment and provides an acceptable return on our capital employed. However, in response to the addition of a significant number of new, technologically advanced units in the global fleet and changes in customer requirements and preferences, we believe that in order to maintain long-term competitiveness, it has become both necessary and desirable for us to engage in building speculative highly advanced jackups and floating units. Of the units we currently have under construction, two of the ultra-deepwater drillships and two of the heavy-duty, harsh environment jackups are being constructed without customer contracts. We will attempt to secure contracts for these units prior to their completion. We may continue speculative building, even in the absence of contracts for our units already under construction.

From time to time, we evaluate individual rig transactions and business combinations with other parties where we believe we can create shareholder value. We will continue to consider business opportunities that promote our growth strategy and optimize shareholder value.

In previous years, the drilling industry has experienced significant increases in dayrates for drilling services in most markets, coupled with higher demand for drilling equipment and shortages of personnel. This environment drove operating costs higher and magnified the importance of recruiting, training and retaining skilled personnel. While there continues to be instability in the global financial markets we believe the current market offers limited supply and high demand for both our drilling units and the pool of qualified labor to operate our rigs.

In recognition of the importance of our offshore operations personnel in achieving a safety record that has historically outperformed the offshore drilling industry sector and to retain such personnel, we have implemented a number of key operations personnel retention programs. We believe these programs are necessary to complement our other short and long-term incentive programs to attract and retain the skilled personnel we need to maintain safe and efficient operations.

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Drilling Contracts

We typically employ each drilling unit under an individual contract. Although the final terms of the contracts result from negotiations with our customers, many contracts are awarded based upon a competitive bidding process. Our drilling contracts generally contain the following terms:

- contract duration extending over a specific period of time or a period necessary to drill a defined number wells;
- provisions permitting early termination of the contract by the customer (i) if the unit is lost or destroyed or (ii) if operations are suspended for a specified period of time due to breakdown of equipment;
- provisions allowing the impacted party to terminate the contract if specified force majeure events beyond the contracting parties control occur for a defined period of time;
- payment of compensation to us (generally in U.S. Dollars although some customers, typically national oil companies, require a part of the compensation to be paid in local currency) on a daywork basis, so that we receive a fixed amount for each day (dayrate) that the drilling unit is operating under contract (a lower rate or no compensation is payable during periods of equipment breakdown and repair or adverse weather or in the event operations are interrupted by other conditions, some of which may be beyond our control);
- payment by us of the operating expenses of the drilling unit, including labor costs and the cost of incidental supplies; and
- provisions that allow us to recover certain cost increases from our customers in certain long-term contracts.

The terms of some of our drilling contracts permit early termination of the contract by the customer, without cause, generally exercisable upon advance notice to us and in some cases without requiring an early termination payment to us. Our drilling contracts with Petróleos Mexicanos (Pemex) in Mexico, for example, allow early cancellation with 30 days or less notice to us without Pemex making an early termination payment.

Generally, our contracts allow us to recover our mobilization and demobilization costs associated with moving a drilling unit from one regional location to another. When market conditions require us to assume these costs, our operating margins are reduced accordingly. We cannot predict our ability to recover these costs in the future. For shorter moves, such as field moves, our customers have generally agreed to assume the costs of moving the unit by paying us a reduced dayrate or move rate while the unit is being moved.

For a discussion of our backlog of commitments for contract drilling services, please read Management s Discussion and Analysis of Financial Condition and Results of Operations Contract Drilling Services Backlog.

Acquisition of Frontier Holdings Limited

On July 28, 2010, Noble-Swiss and Noble AM Merger Co., a Cayman Islands company and indirect wholly-owned subsidiary of Noble-Swiss (Merger Sub), completed the acquisition of FDR Holdings Limited, a Cayman Islands company (Frontier). The Frontier acquisition was for a purchase price of approximately $1.7 billion in cash plus liabilities assumed. The acquisition strategically expanded and enhanced our global fleet. Frontier s results of operations were included in our results beginning July 28, 2010.

Offshore Drilling Operations

Contract Drilling Services

We conduct offshore contract drilling operations, which accounted for over 97 percent of our operating revenues for the years ended December 31, 2012, 2011 and 2010. We conduct our contract drilling operations principally in the U.S. Gulf of Mexico and Alaska, Mexico, Brazil, the North Sea, the Mediterranean, West Africa, the Middle East, India and Australia. Revenues from Royal Dutch Shell, PLC (Shell) and its affiliates accounted for approximately 32 percent, 24 percent and 12 percent of our total operating revenues in 2012, 2011 and 2010, respectively. Revenues from Petróleo Brasileiro S.A. (Petrobras) accounted for approximately 14 percent, 18 percent and 19 percent of our total operating revenues in 2012, 2011 and 2010, respectively. Pemex did not account for more than 10 percent of our total operating revenues in 2012. Revenues from Pemex accounted for approximately 15 percent and 20 percent of our total operating revenues in 2011 and 2010, respectively. No other single customer accounted for more than 10 percent of our total operating revenues in 2012, 2011 or 2010.

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Labor Contracts

We perform services for drilling and workover activities covering two platforms off the east coast of Canada; this contract extends through April 2013. We do not own or lease these platforms. Under our labor contracts, we provide the personnel necessary to manage and perform the drilling operations from a drilling platform owned by the operator.

During 2011, we commenced a refurbishment project with our customer, Shell, for one of its rigs. Under the contract, we provided the management and oversight of the project, as well as the personnel necessary to complete the refurbishment. During 2012, the construction phase of the project was completed and the rig began operating off the coast of Alaska. As with the Canadian labor contract noted above, we provide labor personnel and management services on the project but do not own or lease the related rig.

Competition

The offshore contract drilling industry is a highly competitive and cyclical business characterized by high capital and maintenance costs. Some of our competitors may have access to greater financial resources than we do.

In the provision of contract drilling services, competition involves numerous factors, including price, rig availability and suitability, experience of the workforce, efficiency, safety performance record, condition and age of equipment, operating integrity, reputation, industry standing and client relations. We believe that we compete favorably with respect to all of these factors. We follow a policy of keeping our equipment well maintained and technologically competitive. However, our equipment could be made obsolete by the development of new techniques and equipment, regulations or customer preferences.

We compete on a worldwide basis, but competition may vary by region at any particular time. Demand for offshore drilling equipment also depends on the exploration and development programs of oil and gas producers, which in turn are influenced by the financial condition of such producers, by general economic conditions, prices of oil and gas and by political considerations and policies.

In addition, industry-wide shortages of supplies, services, skilled personnel and equipment necessary to conduct our business have historically occurred. We cannot assure that any such shortages experienced in the past will not happen again in the future.

Governmental Regulations and Environmental Matters

Political developments and numerous governmental regulations, which may relate directly or indirectly to the contract drilling industry, affect many aspects of our operations. Our contract drilling operations are subject to various laws and regulations in countries in which we operate, including laws and regulations relating to the equipping and operation of drilling units, the reduction of greenhouse gas emissions to address climate change, currency conversions and repatriation, oil and gas exploration and development, taxation of offshore earnings and earnings of expatriate personnel and use of local employees and suppliers by foreign contractors. A number of countries actively regulate and control the ownership of concessions and companies holding concessions, the exportation of oil and gas and other aspects of the oil and gas industries in their countries. In addition, government action, including initiatives by the Organization of Petroleum Exporting Countries (OPEC), may continue to contribute to oil price volatility. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work done by oil and gas companies and their need for drilling services, and likely will continue to do so.

The regulations applicable to our operations include provisions that regulate the discharge of materials into the environment or require remediation of contamination under certain circumstances. Many of the countries in whose waters we operate from time to time regulate the discharge of oil and other contaminants in connection with drilling operations. Failure to comply with these laws and regulations, or failure to obtain or comply with permits, may result in the assessment of administrative, civil and criminal penalties, imposition of remedial requirements and the imposition of injunctions to force future compliance. We have made, and will continue to make, expenditures to comply with environmental requirements. To date we have not expended material amounts in order to comply, and we do not believe that our compliance with such requirements will have a material adverse effect upon our results of operations or competitive position or materially increase our capital expenditures. Although these requirements impact the energy and energy services industries, generally they do not appear to affect us in any material respect that is different, or to any materially greater or lesser extent, than other companies in the energy services industry. However, our business and prospects could be adversely affected by regulatory activity that prohibits or restricts our customers exploration and production activities, results in reduced demand for our services or imposes environmental protection requirements that result in increased costs to us, our customers or the oil and natural gas industry in general.

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The following is a summary of some of the existing laws and regulations which apply to our operations in the U.S. Gulf of Mexico to serve as an example of the various laws and regulations to which we are subject. While laws vary widely in each jurisdiction, each of the laws and regulations below addresses environmental issues similar to those in most of the other jurisdictions in which we operate.

Spills and Releases. The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), and similar state laws and regulations, impose joint and several liabilities, without regard to fault or the legality of the original act, on certain classes of persons that contributed to the release of a hazardous substance into the environment. These persons include the owner and operator of the site where the release occurred, past owners and operators of the site, and companies that disposed or arranged for the disposal of the hazardous substances found at the site. Responsible parties under CERCLA may be liable for the costs of cleaning up hazardous substances that have been released into the environment and for damages to natural resources. In the course of our ordinary operations, we may generate waste that may fall within CERCLA s definition of a hazardous substance. However, we have to date not received any notification that we are, or may be, potentially responsible for cleanup costs under CERCLA.

Offshore Regulation. The U.S. government has indicated that before any recipient of a deepwater drilling permit may commence drilling, (i) the operator must demonstrate that containment resources are available promptly in the event of a deepwater blowout, (ii) the chief executive officer of the operator seeking to perform deepwater drilling must certify that the operator has complied with all applicable regulations and (iii) the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) will conduct inspections of such deepwater drilling operation for compliance with the applicable regulations. We cannot predict when the applicable government agency will determine that any deepwater driller is in compliance with the new regulations. Third party challenges to industry operations in the U.S. Gulf of Mexico may also serve to further delay or restrict activities. Further, in 2010 and 2011, the BSEE and its predecessor agency issued initial regulations on the design and operation of well control and other equipment at offshore production sites, implementation of safety and environmental management systems (SEMS), and mandatory third-party compliance audits. On August 22, 2012, BSEE published a final rule amending the regulations regarding design and operation of well control and other equipment, and a new SEMS rule was sent to the Office of Management and Budget for a 90-day review on January 31, 2013. BSEE has indicated that there will be an additional, separate rulemaking to govern the design, performance and maintenance of blowout preventers but that rule has not yet been published. BSEE has also published a draft statement of policy on safety culture with nine proposed characteristics of a robust safety culture. If the new regulations, policies, operating procedures and possibility of increased legal liability are viewed by our current or future customers as a significant impairment to expected profitability on projects, then they could discontinue or curtail their offshore operations, thereby adversely affecting our operations by limiting drilling opportunities or imposing materially increased costs.

The Oil Pollution Act. The U.S. Oil Pollution Act of 1990 (OPA) and similar regulations impose certain operational requirements on offshore rigs operating in the U.S. Gulf of Mexico and govern liability for leaks, spills and blowouts involving pollutants. The OPA imposes strict, joint and several liabilities on responsible parties for damages, including natural resource damages, resulting from oil spills into or upon navigable waters, adjoining shorelines or in the exclusive economic zone of the United States. A responsible party includes the owner or operator of an onshore facility and the lessee or permittee of the area in which an offshore facility is located. The OPA establishes a liability limit for onshore facilities of $350 million, while the liability limit for offshore facilities is equal to all removal costs plus up to $75 million in other damages. These liability limits may not apply if a spill is caused by a party s gross negligence or willful misconduct, if the spill resulted from violation of a federal safety, construction or operating regulation, or if a party fails to report a spill or to cooperate fully in a clean-up.

Regulations under the OPA require owners and operators of rigs in United States waters to maintain certain levels of financial responsibility. The failure to comply with the OPA s requirements may subject a responsible party to civil, criminal, or administrative enforcement actions. We are not aware of any action or event that would subject us to liability under the OPA, and we believe that compliance with the OPA s financial assurance and other operating requirements will not have a material impact on our operations or financial condition.

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Waste Handling. The U.S. Resource Conservation and Recovery Act (RCRA), and similar state and local laws and regulations govern the management of wastes, including the treatment, storage and disposal of hazardous wastes. RCRA imposes stringent operating requirements, and liability for failure to meet such requirements, on a person who is either a generator or transporter of hazardous waste or an owner or operator of a hazardous waste treatment, storage or disposal facility. RCRA specifically excludes from the definition of hazardous waste drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil and natural gas. A similar exemption is contained in many of the state counterparts to RCRA. As a result, we are not required to comply with a substantial portion of RCRA s requirements as our operations generate minimal quantities of hazardous wastes. However, these wastes may be regulated by the United States Environmental Protection Agency (EPA) or state agencies as solid waste. In addition, ordinary industrial wastes, such as paint wastes, waste solvents, laboratory wastes, and waste compressor oils may be regulated under RCRA as hazardous waste. We do not believe the current costs of managing our wastes, as they are presently classified, to be significant. However, a petition is currently before the EPA to revoke the oil and natural gas exploration and production exemption. Any repeal or modification of this or similar exemption in similar state statutes, would increase the volume of hazardous waste we are required to manage and dispose of, and would cause us, as well as our competitors, to incur increased operating expenses with respect to our U.S. operations.

Water Discharges. The U.S. Federal Water Pollution Control Act of 1972, as amended, also known as the Clean Water Act, and similar state laws and regulations impose restrictions and controls on the discharge of pollutants into federal and state waters. These laws also regulate the discharge of storm water in process areas. Pursuant to these laws and regulations, we are required to obtain and maintain approvals or permits for the discharge of wastewater and storm water. We do not anticipate that compliance with these laws will cause a material impact on our operations or financial condition.

Air Emissions. The U.S. Federal Clean Air Act and associated state laws and regulations restrict the emission of air pollutants from many sources, including oil and natural gas operations. New facilities may be required to obtain permits before operations can commence, and existing facilities may be required to obtain additional permits, and incur capital costs, in order to remain in compliance. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with air permits or other requirements of the Clean Air Act and associated state laws and regulations. In general, we believe that compliance with the Clean Air Act and similar state laws and regulations will not have a material impact on our operations or financial condition.

Climate Change. There is increasing attention concerning the issue of climate change and the effect of greenhouse gas (GHG) emissions. In December 2009, the EPA determined that current and projected concentrations of six key GHG s in the atmosphere threaten public health and welfare. The EPA subsequently finalized GHG standards for motor vehicles, the effect of which could reduce demand for motor fuels refined from crude oil, and a final rule to address permitting of GHG emissions from stationary sources under the Clean Air Act s Prevention of Significant Deterioration (PSD) and Title V permitting programs, which require the use of best available control technology for GHG emissions from new and modified major stationary sources, which can sometimes include drillships. EPA regulations known as the Tailoring Rule also require the PSD program to address GHG emissions from relatively smaller stationary sources in the future. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from specified sources in the United States, including, among other things, certain onshore and offshore oil and natural gas production facilities, on an annual basis. Facilities containing petroleum and natural gas systems that emit 25,000 metric tons or more of CO2 equivalent per year are now required to report annual GHG emissions to the EPA.

Further, proposed legislation has been introduced in Congress that would establish an economy-wide cap on emissions of GHG s in the United States and would require most sources of GHG emissions to obtain GHG emission allowances corresponding to their annual emissions of GHG s. Moreover, in 2005, the Kyoto Protocol to the 1992 United Nations Framework Convention on Climate Change, which establishes a binding set of emission targets for greenhouse gases, became binding on all countries that had ratified it. Recent international discussions following the United Nations Climate Change Conference in Doha, Qatar in December 2012 are exploring options to replace the Kyoto Protocol. While it is not possible at this time to predict how new treaties and legislation that may be enacted to address GHG emissions would impact our business, the modification of existing laws or regulations or the adoption of new laws or regulations curtailing exploratory or developmental drilling for oil and gas could materially and adversely affect our operations by limiting drilling opportunities or imposing materially increased costs. Moreover, incentives to conserve energy or use alternative energy sources could have a negative impact on our business if such incentives reduce the worldwide demand for oil and gas.

Safety. The U.S. Occupational Safety and Health Act (OSHA) and other similar laws and regulations govern the protection of the health and safety of employees. The OSHA hazard communication standard, EPA community right-to-know regulations under Title III of CERCLA and similar state statutes require that information be maintained about hazardous materials used or produced in our operations and that this information be provided to employees, state and local governments and citizens. We believe that we are in substantial compliance with these requirements and with other applicable OSHA requirements.

Insurance and Indemnification Matters

Our operations are subject to many hazards inherent in the drilling business, including blowouts, fires and collisions or groundings of offshore equipment, and damage or loss from adverse weather and sea conditions. These hazards could cause personal injury or loss of life, loss of revenues, pollution and other environmental damage, damage to or destruction of property and equipment and oil and natural gas producing formations, and could result in claims by employees, customers or third parties.

Our drilling contracts provide for varying levels of indemnification from our customers and in most cases also require us to indemnify our customers for certain losses. Under our drilling contracts, liability with respect to personnel and property is typically assigned on a knock-for-knock basis, which means that we and our customers assume liability for our respective personnel and property, irrespective of the fault or negligence of the party indemnified. In addition, our customers may indemnify us in certain instances for damage to our down-hole equipment and, in some cases, our subsea equipment.

Our customers typically assume responsibility for and indemnify us from loss or liability resulting from pollution or contamination, including third-party damages and clean-up and removal, arising from operations under the contract and originating below the surface of the water. We are generally responsible for pollution originating above the surface of the water and emanating from our drilling units. Additionally, our customers typically indemnify us for liabilities incurred as a result of a blow-out or cratering of the well and underground reservoir loss or damage.

In addition to the contractual indemnities described above, we also carry protection and indemnity (P&I) insurance, which is a comprehensive general liability insurance program covering liability resulting from offshore operations. Our P&I insurance includes coverage for liability resulting from personal injury or death of third parties and our offshore employees, third party property damage, pollution, spill clean-up and containment and removal of wrecks or debris. Our insurance policy does not exclude losses resulting from our gross negligence or willful misconduct. Our P&I insurance program is renewed in March of each year and currently has a standard deductible of $10 million per occurrence, with maximum liability coverage of $750 million.

Our insurance policies and contractual rights to indemnity may not adequately cover our losses and liabilities in all cases. For additional information, please read We may have difficulty obtaining or maintaining insurance in the future and our insurance coverage and contractual indemnity rights may not protect us against all of the risks and hazards we face included in Item 1A of this Annual Report on Form 10-K.

The above description of our insurance program and the indemnification provisions of our drilling contracts is only a summary as of the time of preparation of this report, and is general in nature. Our insurance program and the terms of our drilling contracts may change in the future. In addition, the indemnification provisions of our drilling contracts may be subject to differing interpretations, and enforcement of those provisions may be limited by public policy and other considerations.

Employees

At December 31, 2012, we had approximately 5,600 employees, excluding approximately 2,000 persons engaged through labor contractors or agencies. Approximately 75 percent of our employees were engaged in operations outside of the U.S. We are not a party to any material collective bargaining agreements, and we consider our employee relations to be satisfactory.

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Financial Information About Segments and Geographic Areas

Information regarding our revenues from external customers, segment profit or loss and total assets attributable to each segment for the last three fiscal years is presented in Part II Item 8. Financial Statements and Supplementary Data, Note 17 Segment and Related Information.

Information regarding our operating revenues and identifiable assets attributable to each of our geographic areas of operations for the last three fiscal years is presented in Part II Item 8. Financial Statements and Supplementary Data, Note 17 Segment and Related Information.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934 are available free of charge at our website at http://www.noblecorp.com. These filings are also available to the public at the U.S. Securities and Exchange Commission s (SEC) Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Electronic filings with the SEC are also available on the SEC s website at http://www.sec.gov.

You may also find information related to our corporate governance, board committees and company code of ethics (and any amendments or waivers of compliance) at our website. Among the documents you can find there are the following:

- Corporate Governance Guidelines;
- Audit Committee Charter;
- Nominating and Corporate Governance Committee Charter;
- Health, Safety, Environment and Engineering Committee Charter;
- Compensation Committee Charter; and
- Code of Business Conduct and Ethics.

Item 1A. Risk Factors.

You should carefully consider the following risk factors in addition to the other information included in this Annual Report on Form 10-K. Each of these risk factors could affect our business, operating results and financial condition, as well as affect an investment in our shares.

Risk Factors Relating to Our Business

Our business depends on the level of activity in the oil and gas industry, which is significantly affected by volatile oil and gas prices.

Demand for drilling services depends on a variety of economic and political factors and the level of activity in offshore oil and gas exploration and development and production markets worldwide. Commodity prices, and market expectations of potential changes in these prices, may significantly affect this level of activity. However, higher prices do not necessarily translate into increased drilling activity since our clients expectations of future commodity prices typically drive demand for our rigs. Oil and gas prices are extremely volatile and are affected by numerous factors beyond our control, including:

laws and regulations related to environmental or energy security matters, including those addressing alternative energy sources and the risks of global climate change;

the political environment of oil-producing regions, including uncertainty or instability resulting from civil disorder, an outbreak or escalation of armed hostilities or acts of war or terrorism;

worldwide demand for oil and gas, which is impacted by changes in the rate of economic growth in the global economy;

the ability of OPEC to set and maintain production levels and pricing;

the level of production in non-OPEC countries;

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- the laws and regulations of governments regarding exploration and development of their oil and gas reserves or speculation regarding future laws or regulations;
- the cost of exploring for, developing, producing and delivering oil and gas;
- the discovery rate of new oil and gas reserves;
- the rate of decline of existing and new oil and gas reserves;
- available pipeline and other oil and gas transportation capacity;
- the ability of oil and gas companies to raise capital;
- adverse weather conditions (such as hurricanes and monsoons) and seas;
- the development and exploitation of alternative fuels;
- tax laws, regulations and policies;
- advances in exploration, development and production technology; and
- the availability of, and access to, suitable locations from which our customers can produce hydrocarbons.

Demand for our drilling services may decrease due to events beyond our control and some of our customers could seek to cancel, terminate or renegotiate their contracts.

Our business could be impacted by events beyond our control including changes in our customers drilling programs or budgets or their liquidity (including access to capital), changes in, or prolonged reductions of, prices for oil and gas, or shifts in the relative strength of various geographic drilling markets brought on by economic slowdown, or regional or worldwide recession, any of which could result in deterioration in demand for our drilling services. In addition, our customers may cancel drilling contracts or letter agreements or letters of intent for drilling contracts, or exercise early termination rights found in some of our drilling contracts or available under local law, for a variety of reasons, many of which are beyond our control. Depending upon market conditions, our customers may also seek renegotiation of firm drilling contracts to reduce their obligations. If the level of demand for our drilling services or conditions in the offshore contract drilling industry declines, our financial position, results of operations and cash flows could be adversely affected.

We may not be able to renew or replace expiring contracts or obtain contracts for our uncontracted newbuilds.

We have a number of customer contracts that will expire in 2013 and 2014. Our ability to renew these contracts or obtain new contracts and the terms of any such contracts will depend on market conditions and our customers. Also, of the units we currently have under construction as part of our newbuild program, two of the ultra-deepwater drillships and two of the heavy-duty, harsh environment jackups are being constructed without customer contracts. We will attempt to secure contracts for these units prior to their completion. We may be unable to renew our expiring contracts or obtain new contracts for our newbuilds or the rigs under contracts that have expired or been terminated, and the dayrates under any new contracts may be below, perhaps substantially below, the existing dayrates, which could have a material adverse effect on our results of operations and cash flows. We may continue speculative building, even in the absence of contracts for our units already under construction.

Our global operations involve additional risks.

We operate in various regions throughout the world that may expose us to political and other uncertainties, including risks of:

- terrorist acts, war, revolution and civil disturbances;
- seizure, nationalization or expropriation of property or equipment;
- monetary policies, government debt downgrades and potential defaults, and foreign currency fluctuations and devaluations;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- piracy;
- import-export quotas, wage and price controls, imposition of trade barriers and other forms of government regulation and economic conditions that are beyond our control;
- regulatory or financial requirements to comply with foreign bureaucratic actions; and
- changing taxation policies.

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Our operations are subject to various laws and regulations in countries in which we operate, including laws and regulations relating to:

- the importing, exporting, equipping and operation of drilling units;
- repatriation of foreign earnings;
- currency exchange controls;
- oil and gas exploration and development;
- taxation of offshore earnings and earnings of expatriate personnel; and
- use and compensation of local employees and suppliers by foreign contractors.

Our ability to do business in a number of jurisdictions is subject to maintaining required licenses and permits and complying with applicable laws and regulations. For example, as of December 31, 2012, our two rigs operating in Nigeria were operating under temporary import permits and the Department of Petroleum Resources had not yet issued our Nigerian subsidiary a permit to operate as an oil industry service company or licenses to operate the two rigs for the year 2013. It is customary in Nigeria that permits and licenses are issued well into the year to which they pertain and, to date, we have been successful in obtaining new, or extending existing, temporary import permits and other permits and licenses. However, there can be no assurance that we will be able to obtain new permits or further extensions of permits necessary to continue the operation of our rigs in Nigeria. If we cannot obtain a new permit or an extension necessary to continue operations of any rig, we may need to cease operations under the drilling contract for such rig and relocate such rig from Nigerian waters. We cannot predict what impact these events may have on any such contract or our business in Nigeria, and we could face additional fines and sanctions in Nigeria. Furthermore, we cannot predict what changes, if any, relating to temporary import permit policies and procedures may be established or implemented in Nigeria in the future, or how any such changes may impact our business there. For additional information regarding our completed internal investigation of our Nigerian operations and the status of our temporary import permits in Nigeria, see Part II Item 8. Financial Statements and Supplementary Data, Note 16 Commitments and Contingencies. Changes in, compliance with, or our failure to comply with the laws and regulations of the countries where we operate, including Nigeria, may negatively impact our operations in those countries and could have a material adverse effect on our results of operations.

In 2010 the Nigerian Oil and Gas Industry Content Development Bill was signed into law. The law is designed to create Nigerian content in operations and transactions within the Nigerian oil and gas industry. The law sets forth certain requirements for asset ownership and the utilization of Nigerian human resources and goods and services in oil and gas projects and creates a Nigerian Content Development and Monitoring Board to implement and monitor the law and develop regulations pursuant to the law. The Nigerian Content Development and Monitoring Board has indicated that it will require all non-Nigerian offshore drilling companies to reorganize their local operations to include Nigerian indigenous minority interests in the operating assets and to obtain the approval of the Nigerian Content Development and Monitoring Board for future work in Nigeria. The law also establishes a Nigerian Content Development Fund to fund the implementation of the law, and requires that 1 percent of the value of every contract awarded in the Nigerian oil and gas industry be paid into the fund. We continue to closely monitor the implementation of the law and we are in the process of reviewing our structural and strategic alternatives and the associated cost as the law continues to be applied. We cannot predict what impact the law will ultimately have on the drilling industry and our future operations in Nigeria, but the effect on our operations and profitability in the region could be significant.

In addition, other governmental actions, including initiatives by OPEC, may continue to cause oil price volatility. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work done by major oil companies, which may continue. In addition, some governments favor or effectively require the awarding of drilling contracts to local contractors, require use of a local agent or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may adversely affect our ability to compete and our results of operations.

The U.S. government s regulations and permitting process could have a prolonged and material adverse impact on our U.S. Gulf of Mexico operations.

Subsequent to the April 2010 fire and explosion on the *Deepwater Horizon*, a competitor s drilling rig in the U.S. Gulf of Mexico, U.S. governmental authorities implemented a moratorium on and suspension of specified types of drilling activities in the U.S. Gulf of Mexico. In October 2010, the U.S. government lifted the moratorium following adoption of new regulations including a drilling safety rule and a workplace safety rule, each of which imposed multiple obligations relating to offshore drilling operations. These obligations relate to, among other things; additional certifications and verifications relating to compliance with applicable regulations, compatibility of blowout preventers with drilling rigs and well design, third-party inspections and design review of blowout preventers, testing of casing installations, minimum requirements for personnel operating blowout preventers, training in deepwater well control and mandates of maintenance inspections. BSEE s predecessor agency also proposed to further strengthen these regulations in September 2011. These additional regulations led to additional costs and increased downtime in our U.S. Gulf of Mexico fleet.

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The U.S. government mandated that before beginning a well in the U.S. Gulf of Mexico an operator must: (i) demonstrate that containment resources are available promptly in the event of a deepwater blowout, (ii) have the chief executive officer of the operator seeking to perform deepwater drilling certify that the operator has complied with all applicable regulations and (iii) allow BSEE to conduct inspections of such deepwater drilling operation for compliance with the applicable regulations. Our customers and other operators struggled to implement these new regulations, which resulted in increased downtime and decreased rates for a number of our contracted units when these regulations were instituted. While it appears that operators have become accustomed to these regulations, we cannot predict whether the permitting will continue at the current rate. Increased costs for our customers operations and permitting delays could negatively impact their planned or future exploration and development activities, which could result in reduced demand for our services.

Governmental laws and regulations, including environmental laws and regulations, may add to our costs or limit our drilling activity.

Our business is affected by public policy and laws and regulations relating to the energy industry and the environment in the geographic areas where we operate.

The drilling industry is dependent on demand for services from the oil and gas exploration and production industry, and accordingly, we are directly affected by the adoption of laws and regulations that for economic, environmental or other policy reasons curtail exploration and development drilling for oil and gas. We may be required to make significant capital expenditures to comply with governmental laws and regulations. Governments in some foreign countries are increasingly active in regulating and controlling the ownership of concessions, the exploration for oil and gas, and other aspects of the oil and gas industries. There is increasing attention in the United States and worldwide concerning the issue of climate change and the effect of greenhouse gases.

Our operations are also subject to numerous laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. The modification of existing laws or regulations or the adoption of new laws or regulations that result in the curtailment of exploratory or developmental drilling for oil and gas could materially and adversely affect our operations by limiting drilling opportunities or imposing materially increased costs. As a result, the application of these laws could have a material adverse effect on our results of operations by increasing our cost of doing business, discouraging our customers from drilling for hydrocarbons or subjecting us to liability. For example, we, as an operator of mobile offshore drilling units in navigable U.S. waters and certain offshore areas, including the U.S. Outer Continental Shelf, are liable for damages and for the cost of removing oil spills for which we may be held responsible, subject to certain limitations. Our operations may involve the use or handling of materials that are classified as environmentally hazardous. Laws and regulations protecting the environment have generally become more stringent and in certain circumstances impose strict liability , rendering a person liable for environmental damage without regard to negligence or fault. Environmental laws and regulations may expose us to liability for the conduct of or conditions caused by others or for acts that were in compliance with all applicable laws at the time they were performed.

In November 2012, the U.S. Coast Guard in Alaska conducted an inspection of our drillship, the *Noble Discoverer*, and cited a number of deficiencies that needed to be remediated, including issues relating to the main propulsion and safety management system. We began an internal investigation in conjunction with the Coast Guard inspection, and the Coast Guard began their own investigation. We reported certain potential violations of applicable law to the Coast Guard as a result of our internal investigation. These related to what we believe were certain unauthorized disposals of collected deck and sea water from the *Noble Discoverer* and potential record-keeping issues with the oil record books for the *Noble Discoverer* and other rigs. The Coast Guard has referred the *Noble Discoverer* matter to the U.S. Department of Justice (DOJ) for further investigation. For additional information regarding these actions relating to the Alaska investigation, see Part II, Item 8. Financial Statements and Supplementary Data, Note 16 Commitments and Contingencies.

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Worldwide instability in the financial and credit sectors and economic recession could have a material adverse effect on our financial position, results of operations and cash flows.

Worldwide instability in the financial and credit sectors could reduce the availability of liquidity and credit to fund the continuation and expansion of industrial business operations worldwide. The shortage of liquidity and credit combined with substantial losses in worldwide equity markets could lead to another global economic recession. A slowdown in economic activity caused by a worldwide recession, combined with lower prices for oil and gas, would reduce worldwide demand for energy and demand for drilling services. If demand for drilling services declines again, we could experience a decline in dayrates for new contracts and a slowing in the pace of new contract activity. Demand for our services depends on oil and natural gas industry activity and expenditure levels that are directly affected by trends in oil and natural gas prices. Demand for our services is particularly sensitive to the level of exploration, development, and production activity of, and the corresponding capital spending by, oil and natural gas companies. Any prolonged reduction in oil and natural gas prices or material impairment of our customers cash flow or liquidity, including their access to capital, could result in lower levels of exploration, development and production activity. Lower levels of exploration activity could result in a corresponding decline in the demand for our drilling services, which could have a material adverse effect on our financial position, results of operations and cash flows. The financial situation may also adversely affect the ability of shipyards to meet scheduled deliveries of our newbuilds and our ability to renew our fleet through new vessel construction projects and conversion projects.

We are substantially dependent on several of our customers including Shell and Petrobras, and the loss of these customers could have a material adverse effect on our financial condition and results of operations.

We estimate Shell and Petrobras represented approximately 61 percent and 14 percent, respectively, of our backlog at December 31, 2012 and revenues from Shell and Petrobras accounted for approximately 32 percent and 14 percent, respectively, of our total operating revenue for the year ended December 31, 2012. This concentration of customers increases the risks associated with any possible termination or nonperformance of contracts in addition to our exposure to credit risk. If either of these customers were to terminate or fail to perform their obligations under their contracts and we were not able to find other customers for the affected drilling units promptly, our financial condition and results of operations could be materially adversely affected.

Construction, conversion or upgrades of rigs are subject to risks, including delays and cost overruns, which could have an adverse impact on our available cash resources and results of operations.

We currently have multiple new construction and conversion projects underway and we may undertake additional projects in the future. In addition, we make significant upgrade, refurbishment and repair expenditures to our fleet from time to time, particularly as our rigs become older. Some of these expenditures are unplanned. Our customers may also require certain shipyard reliability upgrade projects for our drillships. These projects and other efforts of this type are subject to risks of cost overruns or delays inherent in any large construction project as a result of numerous factors, including the following:

- shortages of equipment, materials or skilled labor;
- work stoppages and labor disputes;
- unscheduled delays in the delivery of ordered materials and equipment;
- local customs strikes or related work slowdowns that could delay importation of equipment or materials;
- weather interferences;
- difficulties in obtaining necessary permits or approvals or in meeting permit or approval conditions;

design and engineering problems;

inadequate regulatory support infrastructure in the local jurisdiction;

latent damages or deterioration to hull, equipment and machinery in excess of engineering estimates and assumptions;

unforeseen increases in the cost of equipment, labor and raw materials, particularly steel;

unanticipated actual or purported change orders;

client acceptance delays;

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- disputes with shipyards and suppliers;
- delays in, or inability to obtain, access to funding;
- shipyard availability, failures and difficulties, including as a result of financial problems of shipyards or their subcontractors; and
- failure or delay of third-party equipment vendors or service providers.

The failure to complete a rig upgrade or new construction on time, or the inability to complete a rig conversion or new construction in accordance with its design specifications, may result in loss of revenues, penalties, or delay, renegotiation or cancellation of a drilling contract or the recognition of an asset impairment. Additionally, capital expenditures for rig upgrade, refurbishment and construction projects could materially exceed our planned capital expenditures. Moreover, our rigs undergoing upgrade, refurbishment and repair may not earn a dayrate during the period they are out of service.

We could be adversely affected by violations of applicable anti-corruption laws and our failure to comply with the terms of our settlement agreements with the DOJ and SEC.

We operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws and our code of business conduct and ethics. We are subject, however, to the risk that we, our affiliated entities or their respective officers, directors, employees and agents may take action determined to be in violation of such anti-corruption laws, including the U.S. Foreign Corrupt Practices Act of 1977 (FCPA) and similar laws in other countries. Any violation of the FCPA or other applicable anti-corruption laws could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Further, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management.

In 2007, we began an internal investigation of the legality under the FCPA of certain activities in Nigeria. In November 2010, we finalized settlements of this matter with each of the SEC and the DOJ. Under the settlements with the DOJ and SEC, we agreed to, among other things, pay certain fines and interest and disgorge certain profits, cooperate with the DOJ, comply with the FCPA, comply with certain self-reporting and annual reporting obligations and comply with an injunction restraining us from violating the anti-bribery, books and records and internal controls provisions of the FCPA. Our ability to comply with the terms of the settlements is dependent on the success of our ongoing compliance program, including our ability to continue to manage our agents and supervise, train and retain competent employees, and the efforts of our employees to comply with applicable law and our code of business conduct and ethics.

Also, in January 2011, the Nigerian Economic and Financial Crimes Commission and the Nigerian Attorney General Office initiated an investigation into these same activities. A subsidiary of Noble-Swiss resolved this matter through the execution of a non-prosecution agreement dated January 28, 2011. Pursuant to this agreement, the subsidiary paid $2.5 million to resolve all charges and claims of the Nigerian government.

Any additional investigation by these or other agencies could damage our reputation and result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect our business, results of operations or financial condition. Further, resolving any additional investigations could be expensive and consume significant time and attention of our senior management. For instance, in February 2012, the SEC charged one current and two former employees of ours with violating the FCPA in connection with the events that were the subject of the internal investigations we began in 2007, as described above. We do not believe that the SEC pleadings against these individuals introduce material facts that were not addressed in our internal investigation, which we resolved with the SEC and the DOJ in November 2010. We are not a party to the SEC proceedings against these individuals, and we do not believe the charges against the individuals will result in fines, sanctions or civil or criminal penalties against us. However, these actions may consume the attention of management and damage our reputation.

Possible changes in tax laws could affect us and our shareholders.

We operate through various subsidiaries in numerous countries throughout the world. Consequently, we are subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in Switzerland, the U.S. or jurisdictions in which we or any of our subsidiaries operate or are incorporated.

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Tax laws and regulations are highly complex and subject to interpretation. Consequently, we are subject to changing tax laws, treaties and regulations in and between countries in which we operate. Our income tax expense is based upon our interpretation of the tax laws in effect in various countries at the time that the expense was incurred. If these laws, treaties or regulations change or other taxing authorities do not agree with our assessment of the effects of such laws, treaties and regulations, this could have a material adverse effect on us, including the imposition of a higher effective tax rate on our worldwide earnings or a reclassification of the tax impact of our significant corporate restructuring transactions.

In addition, the manner in which our shareholders are taxed on distributions on, and dispositions of, our shares could be affected by changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in Switzerland, the U.S. or other jurisdictions in which our shareholders are resident. Any such changes could result in increased taxes for our shareholders and affect the trading price of our shares.

Our business involves numerous operating hazards.

Our operations are subject to many hazards inherent in the drilling business, including blowouts, fires and collisions or groundings of offshore equipment, and damage or loss from adverse weather and seas. These hazards could cause personal injury or loss of life, suspend drilling operations or seriously damage or destroy the property and equipment involved, result in claims by employees, customers or third parties and, in addition to causing environmental damage, could cause substantial damage to oil and natural gas producing formations or facilities. Operations also may be suspended because of machinery breakdowns, abnormal drilling conditions, and failure of subcontractors to perform or supply goods or services, or personnel shortages. Damage to the environment could also result from our operations, particularly through oil spillage or extensive uncontrolled fires. We may also be subject to damage claims by oil and gas companies.

The contract drilling industry is a highly competitive and cyclical business with intense price competition. If we are unable to compete successfully, our profitability may be reduced.

The offshore contract drilling industry is a highly competitive and cyclical business characterized by high capital and maintenance costs. Drilling contracts are traditionally awarded on a competitive bid basis. Intense price competition, rig availability, location and suitability, experience of the workforce, efficiency, safety performance record, technical capability and condition of equipment, operating integrity, reputation, industry standing and client relations are all factors in determining which contractor is awarded a job. Mergers among oil and natural gas exploration and production companies from time to time may reduce the number of available clients, resulting in increased price competition.

Our industry has historically been cyclical. There have been periods of high demand, short rig supply and high dayrates, followed by periods of lower demand, excess rig supply and low dayrates. Periods of excess rig supply intensify the competition in the industry and may result in some of our rigs being idle for long periods of time. Prolonged periods of low utilization and low dayrates could result in the recognition of impairment charges on certain of our drilling rigs if future cash flow estimates, based upon information available to management at the time, indicate that the carrying value of these rigs may not be recoverable. For example, in 2012 our submersible rig fleet, consisting of two cold stacked rigs, was partially impaired due to the declining market outlook for drilling services for this rig type. We estimated the fair value of the rigs based on the salvage value of the rigs and a recent transaction involving a similar unit owned by a peer company (Level 2 fair value measurement). Based on these estimates, we recognized a charge of approximately $13 million for the year ended December 31, 2012.

The increase in supply created by the number and types of rigs being built, as well as changes in our competitors drilling rig fleets, could intensify price competition and require higher capital investment to keep our rigs competitive. In addition, the supply attributable to newbuild rigs, especially those being built on speculation, could cause a reduction in future dayrates. We are experiencing competition from newbuild jackups that are scheduled to enter the market in 2013 and beyond. The entry of these newbuild jackups into the market may result in lower dayrates for jackups than currently expected. Similarly, there are a number of deepwater newbuilds that are scheduled to enter the market over the next several years, which could also adversely affect the dayrates for these units.

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As a result of our significant cash flow needs, we may be required to incur additional indebtedness, or delay or cancel discretionary capital expenditures.

Our currently anticipated cash flow needs, both in the short-term and long-term, may include the following:

- committed capital expenditures, including expenditures for newbuild projects currently underway;
- normal recurring operating expenses;
- discretionary capital expenditures, including various capital upgrades;
- payments of dividends; and
- repayment of maturing debt.

In order to fund our capital expenditures, we may need funding beyond the amount available to us from cash generated by our operations, cash on hand and borrowings under our existing bank credit facilities and commercial paper program. We may raise such additional capital in a number of ways, including accessing capital markets, obtaining additional lines of credit or disposing of assets. However, we can provide no assurance that any of these options will be available to us on terms acceptable to us or at all.

Our ability to obtain financing or to access the capital markets may be limited by our financial condition at the time of any such financing and the covenants in our existing debt agreements, as well as by adverse market conditions resulting from, among other things, general economic conditions and uncertainties that are beyond our control. Even if we are successful in obtaining additional capital through debt financings, incurring additional indebtedness may significantly increase our interest expense and may reduce our flexibility to respond to changing business and economic conditions or to fund working capital needs, because we will require additional funds to service our outstanding indebtedness.

We may delay or cancel discretionary capital expenditures, which could have certain adverse consequences including delaying upgrades or equipment purchases that could make the affected rigs less competitive, adversely affect customer relationships and negatively impact our ability to contract such rigs.

We may have difficulty obtaining or maintaining insurance in the future and our insurance coverage and contractual indemnity rights may not protect us against all of the risks and hazards we face.

We generally identify the operational hazards for which we will procure insurance coverage based on the likelihood of loss, the potential magnitude of loss, the cost of coverage, the requirements of our customer contracts and applicable legal requirements. We do not procure insurance coverage for all of the potential risks and hazards we may face. Furthermore, no assurance can be given that we will be able to obtain insurance against all of the risks and hazards we face or that we will be able to obtain or maintain adequate insurance at rates and with deductibles or retention amounts that we consider commercially reasonable.

Although we maintain what we believe to be an appropriate level of insurance covering hazards and risks we currently encounter during our operations, we do not insure against all possible hazards and risks. Furthermore, our insurance carriers may interpret our insurance policies such that they do not cover losses for which we make claims. Our insurance policies may also have exclusions of coverage for some losses. Uninsured exposures may include expatriate activities prohibited by U.S. laws, radiation hazards, certain loss or damage to property onboard our rigs and losses relating to shore-based terrorist acts or strikes.

In addition, the damage sustained to offshore oil and gas assets as a result of hurricanes in recent years has negatively impacted the energy insurance market, resulting in more restrictive and expensive coverage for U.S. named windstorm perils. Accordingly, we have elected to significantly reduce the named windstorm insurance on our rigs operating in the U.S. Gulf of Mexico. Presently, we insure the *Noble Jim Thompson*, *Noble Amos Runner* and *Noble Driller* for total loss only when caused by a named windstorm. Our customer assumes the risk of loss on the *Noble Bully I* due to a named windstorm event up to $450 million per occurrence pursuant to the terms of the drilling contract relating to such vessel, provided that we are responsible for the first $25 million per occurrence for such named windstorm events. The remaining rigs in the U.S. Gulf of Mexico are self-insured for named windstorm perils. Our rigs located in the Mexico portion of the Gulf of Mexico remain covered by commercial insurance for windstorm damage. If one or more future significant weather-related events occur in the Gulf of Mexico, or in any other geographic area in which we operate, we may experience increases in insurance costs, additional coverage restrictions or unavailability of certain insurance products.

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Under our drilling contracts, liability with respect to personnel and property is customarily assigned on a knock-for-knock basis, which means that we and our customers assume liability for our respective personnel and property, irrespective of the fault or negligence of the party indemnified. Although our drilling contracts generally provide for indemnification from our customers for certain liabilities, including liabilities resulting from pollution or contamination originating below the surface of the water, enforcement of these contractual rights to indemnity may be limited by public policy and other considerations and, in any event, may not adequately cover our losses from such incidents. There can also be no assurance that those parties with contractual obligations to indemnify us will necessarily be in a financial position to do so.

Although we maintain insurance in the geographic areas in which we operate, pollution, reservoir damage and environmental risks generally are not fully insurable. Our insurance policies may not adequately cover our losses or may have exclusions of coverage for some losses. We do not have insurance coverage or rights to indemnity for all risks, including loss of hire insurance on most of the rigs in our fleet. Uninsured exposures may include expatriate activities prohibited by U.S. laws and regulations, radiation hazards, certain loss or damage to property onboard our rigs and losses relating to shore-based terrorist acts or strikes. If a significant accident or other event occurs and is not fully covered by insurance or contractual indemnity, it could adversely affect our financial position, results of operations or cash flows.

Failure to attract and retain highly skilled personnel or an increase in personnel costs could hurt our operations.

We require highly skilled personnel to operate and provide technical services and support for our drilling units. As the demand for drilling services and the size of the worldwide industry fleet increases, shortages of qualified personnel have occurred from time to time. These shortages could result in our loss of qualified personnel to competitors, impair our ability to attract and retain qualified personnel for our new or existing drilling units, impair the timeliness and quality of our work and create upward pressure on personnel costs, any of which could adversely affect our operations.

Fluctuations in exchange rates and nonconvertibility of currencies could result in losses to us.

We may experience currency exchange losses where revenues are received or expenses are paid in nonconvertible currencies or where we do not hedge an exposure to a foreign currency. We may also incur losses as a result of an inability to collect revenues because of a shortage of convertible currency available to the country of operation, controls over currency exchange or controls over the repatriation of income or capital.

We are subject to litigation that could have an adverse effect on us.

We are, from time to time, involved in various litigation matters. These matters may include, among other things, contract disputes, personal injury claims, asbestos and other toxic tort claims, environmental claims or proceedings, employment matters, governmental claims for taxes or duties, and other litigation that arises in the ordinary course of our business. Although we intend to defend these matters vigorously, we cannot predict with certainty the outcome or effect of any claim or other litigation matter, and there can be no assurance as to the ultimate outcome of any litigation. Litigation may have an adverse effect on us because of potential negative outcomes, costs of attorneys, the allocation of management s time and attention, and other factors.

Forward-Looking Statements

This report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this report regarding the Frontier transaction and integration, contract backlog, fleet status, our financial position, business strategy, timing or results of acquisitions or dispositions, backlog, completion and acceptance of our newbuild rigs, contract commitments, dayrates, contract commencements, extension or renewals, contract tenders, the outcome of any dispute, litigation or investigation, plans and objectives of management for future operations, foreign currency requirements, results of joint ventures, indemnity and other contract claims, construction of rigs, industry conditions including the effect of disruptions of drilling in the U.S. Gulf of Mexico, access to financing, impact of competition, governmental regulations and permitting, availability of labor, worldwide economic conditions, taxes and tax rates, indebtedness covenant compliance, and timing for compliance with any new regulations are forward-looking statements. When used in this

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report, the words anticipate, believe, estimate, expect, intend, may, plan, project, should and similar expressions are intended to statements that identify forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot assure you that such expectations will prove to be correct. These factors include those described in Risk Factors above, or in our other SEC filings, among others. Such risks and uncertainties are beyond our ability to control, and in many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. You should consider these risks when you are evaluating us.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Drilling Fleet

Our drilling fleet is composed of the following types of units: semisubmersibles, drillships, jackups and submersibles. Each type of drilling rig is described further below. We also own one floating production storage and offloading unit (FPSO). Several factors determine the type of unit most suitable for a particular job, the most significant of which include the water depth and the environment of the intended drilling location, whether the drilling is being done over a platform or other structure, and the intended well depth.

Semisubmersibles

Semisubmersibles are floating platforms which, by means of a water ballasting system, can be submerged to a predetermined depth so that a substantial portion of the hull is below the water surface during drilling operations. These units maintain their position over the well through the use of either a fixed mooring system or a computer controlled dynamic positioning system and can drill in many areas where jackups cannot drill. However, semisubmersibles normally require water depth of at least 200 feet in order to conduct operations. Certain of our semisubmersibles are capable of drilling in water depths of up to 12,000 feet.

The semisubmersible fleet consists of 14 units, including:

- five Noble EVA-4000 semisubmersibles;
- three Friede & Goldman 9500 Enhanced Pacesetter semisubmersibles;
- two Pentagone 85 semisubmersibles;
- two Bingo 9000 design unit semisubmersibles;
- one Aker H-3 Twin Hull S1289 Column semisubmersible; and
- one Offshore Co. SCP III Mark 2 semisubmersible.

Drillships

Our drillships are self-propelled vessels. These units maintain their position over the well through the use of either a fixed mooring system or a computer controlled dynamic positioning system. Our drillships are capable of drilling in water depths from 1,000 to 12,000 feet. The maximum drilling depth of our drillships ranges from 20,000 feet to 40,000 feet.

The drillship fleet consists of 14 units, including:

- four dynamically positioned, ultra-deepwater, harsh environment drillships currently under construction, the first of which is estimated to be delivered from the shipyard in the second quarter of 2013;
- three dynamically positioned Gusto Engineering Pelican Class drillships;
- two dynamically positioned *Bully*-class drillships operated by us through a 50 percent joint venture with a subsidiary of Shell;
- one dynamically positioned *Globetrotter*-class drillship;
- one dynamically positioned *Globetrotter*-class drillship currently under construction, which is scheduled to be delivered to our customer in the fourth quarter of 2013;
- one conventionally moored Sonat Discoverer Class drillship capable of drilling in Arctic environments;
- one dynamically positioned NAM Nedlloyd-C drillship; and
- one conventionally moored conversion class drillship.

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Jackups

We currently have 49 jackups in our fleet, including six high-specification, heavy duty, harsh environment jackups currently under construction. Jackups are mobile, self-elevating drilling platforms equipped with legs that can be lowered to the ocean floor until a foundation is established for support. The rig hull includes the drilling rig, jacking system, crew quarters, loading and unloading facilities, storage areas for bulk and liquid materials, helicopter landing deck and other related equipment. All of our jackups are independent leg (i.e., the legs can be raised or lowered independently of each other) and cantilevered. A cantilevered jackup has a feature that permits the drilling platform to be extended out from the hull, allowing it to perform drilling or workover operations over pre-existing platforms or structures. Moving a rig to the drill site involves jacking up its legs until the hull is floating on the surface of the water. The hull is then towed to the drill site by tugs and the legs are jacked down to the ocean floor. The jacking operation continues until the hull is raised out of the water, and drilling operations are conducted with the hull in its raised position. Our jackups are capable of drilling to a maximum depth of 30,000 feet in water depths up to 400 feet.

Submersibles

We have two submersibles in the fleet which are currently cold-stacked. Submersibles are mobile drilling platforms that are towed to the drill site and submerged to drilling position by flooding the lower hull until it rests on the sea floor, with the upper deck above the water surface. Our submersibles are capable of drilling to a maximum depth of 25,000 feet in water depths up to 70 feet.

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Drilling Fleet Table

The following table sets forth certain information concerning our offshore fleet at February 7, 2013. The table does not include any units owned by operators for which we had labor contracts. We operate and own all of the units included in the table.

Name	Make	Year Built or Rebuilt (1)	Water Depth Rating (feet)	Drilling Depth Capacity (feet)	Location	Status (2)
Semisubmersibles 14						
Noble Amos Runner	Noble EVA-4000	1999 R/2008 M	8,000	32,500	U.S. Gulf of Mexico	Active
Noble Clyde Boudreaux	F&G 9500 Enhanced Pacesetter	2007 R/M	10,000	35,000	Australia	Active
Noble Danny Adkins	Bingo 9000 DP	2009R	12,000	35,000	U.S. Gulf of Mexico	Active
Noble Dave Beard	F&G 9500 Enhanced Pacesetter DP	2009 R	10,000	35,000	Brazil	Active
Noble Driller	Aker H-3 Twin Hull S1289 Column	2007 R	5,000	30,000	U.S. Gulf of Mexico	Active
Noble Homer Ferrington	F&G 9500 Enhanced Pacesetter	2004 R	7,200	30,000	Israel	Active
Noble Jim Day	Bingo 9000 DP	2010 R	12,000	35,000	U.S. Gulf of Mexico	Active
Noble Jim Thompson	Noble EVA-4000	1999 R/2006 M	6,000	32,500	U.S. Gulf of Mexico	Active
Noble Lorris Bouzigard	Pentagone 85	2003 R	4,000	25,000	U.S. Gulf of Mexico	Stacked
Noble Max Smith	Noble EVA-4000	1999 R	7,000	30,000	Brazil	Active
Noble Paul Romano	Noble EVA-4000	1998 R/2007 M	6,000	32,500	Malta	Active
Noble Paul Wolff	Noble EVA-4000 DP	2006 R	9,200	30,000	Brazil	Active
Noble Therald Martin	Pentagone 85	2004 R	4,000	25,000	Brazil	Active
Noble Ton van Langeveld (3)	Offshore Co. SCP III Mark 2	2000 R	1,500	25,000	U.K.	Active
Drillships 14						
Noble Bob Douglas	Hyundai Gusto P 10000	2013 N	12,000	40,000	South Korea	Shipyard
Noble Bully I (3)(5)	GustoMSC Bully PRD 12000	2011 N	8,200	40,000	U.S. Gulf of Mexico	Active
Noble Bully II (3)(5)	GustoMSC Bully PRD 12000	2011 N	8,200	40,000	Brazil	Active
Noble Discoverer (3)	Sonat Discoverer Class	2009 R	1,000	20,000	Alaska	Active
Noble Don Taylor	Hyundai Gusto P 10000	2013 N	12,000	40,000	South Korea	Shipyard
Noble Duchess	Conversion	2012 R	1,500	25,000	India	Active
Noble Globetrotter I (3)	Globetrotter Class	2011 N	10,000	30,000	U.S. Gulf of Mexico	Active
Noble Globetrotter II (3)	Globetrotter Class	2013 N	10,000	30,000	The Netherlands	Shipyard
Noble Leo Segerius	Gusto Engineering Pelican Class	2012 R	5,600	20,000	Brazil	Active
Noble Muravlenko	Gusto Engineering Pelican Class	1997 R	4,900	20,000	U.S. Gulf of Mexico	Stacked
Noble Phoenix	Gusto Engineering Pelican Class	2009 R	5,000	25,000	Brazil	Active
Noble Roger Eason	NAM Nedlloyd C	2013 R	7,200	25,000	Brazil	Active
Noble Sam Croft	Hyundai Gusto P 10000	2014 N	12,000	40,000	South Korea	Shipyard
Noble Newbuild Drillship #4 (3)	Hyundai Gusto P 10000	2014 N	12,000	40,000	South Korea	Shipyard
Independent Leg Cantilevered Jackups 49 (Continued to next page)						
Dhabi II	Baker Marine BMC 150	2006 R	150	20,000	U.A.E.	Active
Noble Al White (3)	CFEM T-2005-C	2005 R	360	30,000	The Netherlands	Active
Noble Alan Hay	Levingston Class 111-C	2005 R	300	25,000	U.A.E.	Active
Noble Bill Jennings	MLT Class 84 E.R.C.	1997 R	390	25,000	Mexico	Active
Noble Byron Welliver (3)	CFEM T-2005-C	1982	300	30,000	U.K.	Active
Noble Carl Norberg	MLT Class 82-C	2003 R	250	20,000	Mexico	Active
Noble Charles Copeland	MLT Class 82-SD-C	2001 R	280	20,000	Saudi Arabia	Active
Noble Charlie Yester	MLT Class 116-C	1980	300	25,000	India	Active
Noble Chuck Syring	MLT Class 82-C	1996 R	250	20,000	Qatar	Active
Noble David Tinsley	Modec 300C-38	2010 R	300	25,000	U.A.E.	Active
Noble Dick Favor	Baker Marine BMC 150	2004 R	150	20,000	U.A.E.	Active
Noble Don Walker	Baker Marine BMC 150-SD	1992R	150	20,000	Cameroon	Stacked
Noble Earl Frederickson	MLT Class 82-SD-C	1999 R	250	20,000	Mexico	Active
Noble Ed Holt	Levingston Class 111-C	2003 R	300	25,000	India	Active
Noble Ed Noble	MLT Class 82-SD-C	2003 R	250	20,000	Nigeria	Active
Noble Eddie Paul	MLT Class 84 E.R.C.	1995 R	390	25,000	Mexico	Active
Noble Gene House	Modec 300C-38	1998 R	300	25,000	Saudi Arabia	Active
Noble Gene Rosser	Levingston Class 111-C	1996 R	300	25,000	Mexico	Active

Noble George McLeod	F&G L-780 MOD II	1995 R	300	25,000	U.A.E.	Active
Noble George Sauvageau [3]	NAM Nedlloyd-C	1981	250	25,000	Denmark	Active
Noble Gus Androes	Levingston Class 111-C	2004 R	300	30,000	Qatar	Active
Noble Hans Deul [3]	F&G JU-2000E	2009 N	400	30,000	U.K	Active

See footnotes on the following page.

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Name	Make	Year Built or Rebuilt (1)	Water Depth Rating (feet)	Drilling Depth Capacity (feet)	Location	Status (2)
Independent Leg Cantilevered Jackups 49 (Continued from previous page)						
Noble Harvey Duhaney	Levingston Class 111-C	2001 R	300	25,000	Qatar	Active
Noble Houston Colbert (3)	F&G JU-3000N	2013 N	400	30,000	Singapore	Shipyard
Noble Jimmy Puckett	F&G L-780 MOD II	2002 R	300	25,000	Qatar	Active
Noble Joe Beall	Modec 300C-38	2004 R	300	25,000	Saudi Arabia	Active
Noble John Sandifer	Levingston Class 111-C	1995 R	300	25,000	Mexico	Active
Noble Johnnie Hoffman	Baker Marine BMC 300	1993 R	300	25,000	Mexico	Active
Noble Julie Robertson (3) (4)	BMC 300 Harsh Weather Class	2001 R	390	25,000	U.K.	Active
Noble Kenneth Delaney	F&G L-780 MOD II	1998 R	300	25,000	India	Active
Noble Leonard Jones	MLT Class 53 E.R.C.	1998 R	390	25,000	Mexico	Active
Noble Lewis Dugger	Levingston Class 111-C	1997 R	300	25,000	Mexico	Active
Noble Lloyd Noble	MLT Class 82-SD-C	1990 R	250	20,000	Cameroon	Active
Noble Lynda Bossler (3)	MSC/CJ-46	1982	250	25,000	The Netherlands	Active
Noble Mick O Brien (3)	F&G JU-3000N	2013 N	400	30,000	Singapore	Shipyard
Noble Percy Johns	F&G L-780 MOD II	1995 R	300	25,000	Nigeria	Active
Noble Piet van Ede (3)	MSC/CJ-46	1982	250	25,000	The Netherlands	Active
Noble Regina Allen (3)	F&G JU-3000N	2013 N	400	30,000	Singapore	Shipyard
Noble Roger Lewis	F&G JU-2000E	2007	400	30,000	Saudi Arabia	Active
Noble Ronald Hoope (3)	MSC/CJ-46	1982	250	25,000	The Netherlands	Active
Noble Roy Butler	F&G L-780 MOD II	1998 R	300	25,000	Mexico	Active
Noble Roy Rhodes	MLT Class 116-C	2009 R	300	25,000	Oman	Active
Noble Sam Noble	Levingston Class 111-C	1982	300	25,000	Mexico	Active
Noble Sam Turner (3)	F&G JU-3000N	2014 N	400	30,000	Singapore	Shipyard
Noble Scott Marks (3)	F&G JU-2000E	2009 N	400	30,000	Saudi Arabia	Active
Noble Tom Jobe	MLT Class 82-SD-C	1982	250	25,000	Mexico	Active
Noble Tom Prosser (3)	F&G JU-3000N	2014 N	400	30,000	Singapore	Shipyard
Noble Tommy Craighead	F&G L-780 MOD II	2003 R	300	25,000	Gabon	Active
Noble Newbuild Jackup #6 (3)	F&G JU-3000N	2014 N	400	30,000	Singapore	Shipyard
Submersibles 2						
Noble Joe Alford	Pace Marine 85G	2006 R	70	25,000	U.S. Gulf of Mexico	Stacked
Noble Lester Pettus	Pace Marine 85G	2007 R	70	25,000	U.S. Gulf of Mexico	Stacked
FPSO- 1						
Seillean	Harland & Wolf Shipbuilding	2008 R	N/A	N/A	U.S. Gulf of Mexico	Stacked

Footnotes to Drilling Fleet Table

1. Rigs designated with an R were modified, refurbished or otherwise upgraded in the year indicated by capital expenditures in an amount deemed material by management. Rigs designated with an N are newbuilds. Rigs designated with an M have been upgraded to the Noble NC-5SM mooring standard.
2. Rigs listed as active were either operating under contract or were actively seeking contracts; rigs listed as shipyard are in a shipyard for construction, repair, refurbishment or upgrade; rigs listed as stacked are idle without a contract and are not actively marketed in present market conditions.
3. Harsh environment capability.
4. Although designed for a water depth rating of 390 feet of water in a non-harsh environment, the rig is currently equipped with legs adequate to drill in approximately 200 feet of water in a harsh environment. We own the additional leg sections required to extend the drilling depth capability to 390 feet of water.
5. We own and operate the *Noble Bully I* and *Noble Bully II* through joint ventures with a subsidiary of Shell. Under the terms of the joint venture agreements, each party has an equal 50 percent ownership stake in both vessels.

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Facilities

Our corporate headquarters is located in Baar, Switzerland, and we maintain offices for executive officers and selected personnel in Geneva, Switzerland. We also maintain office space in Sugar Land, Texas, where significant worldwide global support activity occurs. In addition, we own and lease administrative and marketing offices, and sites used primarily for storage, maintenance and repairs, and research and development for drilling rigs and equipment in various locations worldwide.

Item 3. Legal Proceedings.
Information regarding legal proceedings is set forth in Note 16 to our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures.
Not applicable.

PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.
Market for Shares and Related Shareholder Information

Noble-Swiss shares are listed and traded on the New York Stock Exchange under the symbol NE . The following table sets forth for the periods indicated the high and low sales prices and dividends or returns of capital declared and paid in U.S. Dollars per share:

	High	Low	Dividends Declared and Paid
2012			
Fourth quarter	$ 39.81	$ 33.51	$ 0.13
Third quarter	38.60	32.21	0.13
Second quarter	38.82	29.13	0.14
First quarter	41.25	30.29	0.14
2011			
Fourth quarter	$ 38.42	$ 28.58	$ 0.14
Third quarter	39.70	27.68	0.17
Second quarter	46.10	37.51	0.15
First quarter	46.12	35.64	0.14

The declaration and payment of dividends or returns of capital require authorization of the shareholders of Noble-Swiss. The amount of such dividends, distributions and returns of capital will depend on our results of operations, financial condition, cash requirements, future business prospects, contractual restrictions and other factors deemed relevant by our Board of Directors and our shareholders.

On February 11, 2013, there were 253,225,668 shares outstanding held by 794 shareholder accounts of record.

Swiss Tax Consequences to Shareholders of Noble-Swiss

The tax consequences discussed below are not a complete analysis or listing of all the possible tax consequences that may be relevant to shareholders of Noble. Shareholders should consult their own tax advisors in respect of the tax consequences related to receipt, ownership, purchase or sale or other disposition of our shares and the procedures for claiming a refund of withholding tax.

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Swiss Income Tax on Dividends and Similar Distributions

A non-Swiss holder will not be subject to Swiss income taxes on dividend income and similar distributions in respect of our shares, unless the shares are attributable to a permanent establishment or a fixed place of business maintained in Switzerland by such non-Swiss holder. However, dividends and similar distributions are subject to Swiss withholding tax. See Swiss Withholding Tax Dividends to Shareholders.

Swiss Wealth Tax

A non-Swiss holder will not be subject to Swiss wealth taxes unless the holder s shares are attributable to a permanent establishment or a fixed place of business maintained in Switzerland by such non-Swiss holder.

Swiss Capital Gains Tax upon Disposal of Shares

A non-Swiss holder will not be subject to Swiss income taxes for capital gains unless the holder s shares are attributable to a permanent establishment or a fixed place of business maintained in Switzerland by such non-Swiss holder. In such case, the non-Swiss holder is required to recognize capital gains or losses on the sale of such shares, which will be subject to cantonal, communal and federal income tax.

Swiss Withholding Tax Dividends to Shareholders

A Swiss withholding tax of 35 percent is due on dividends to our shareholders from us, regardless of the place of residency of the shareholder (subject to the exceptions discussed under Exemption from Swiss Withholding Tax Distributions to Shareholders below). We will be required to withhold at such rate and remit on a net basis any payments made to a holder of our shares and pay such withheld amounts to the Swiss federal tax authorities. Please see Refund of Swiss Withholding Tax on Dividends and Other Distributions.

Exemption from Swiss Withholding Tax Distributions to Shareholders

Under present Swiss tax law, distributions to shareholders in relation to a reduction of par value are exempt from Swiss withholding tax. Since January 1, 2011, distributions to shareholders out of qualifying additional paid-in capital for Swiss statutory purposes are exempt from the Swiss withholding tax. Consequently, we expect that a substantial amount of any potential future distributions, whether distributed as a reduction of par value or directly out of qualifying additional paid-in capital may be exempt from Swiss withholding tax.

Repurchases of Shares

Under present Swiss tax law, repurchases of shares for the purposes of capital reduction are treated as a partial liquidation subject to the 35 percent Swiss withholding tax. However, for shares repurchased for capital reduction, the portion of the repurchase price attributable to the par value of the shares repurchased will not be subject to the Swiss withholding tax. Since January 1, 2011, the portion of the repurchase price attributable to the qualifying additional paid-in capital for Swiss statutory reporting purposes of the shares repurchased will also not be subject to the Swiss withholding tax. We would be required to withhold at such rate the tax from the difference between the repurchase price and the related amount of par value and the related amount of qualifying additional paid-in capital. We would be required to remit on a net basis the purchase price with the Swiss withholding tax deducted to a holder of our shares and pay the withholding tax to the Swiss federal tax authorities.

With respect to the refund of Swiss withholding tax from the repurchase of shares, see Refund of Swiss Withholding Tax on Dividends and Other Distributions.

In most instances, Swiss companies listed on the SIX Swiss Exchange (SIX), carry out share repurchase programs through a second trading line on the SIX. Swiss institutional investors typically purchase shares from shareholders on the open market and then sell the shares on the second trading line back to the company. The Swiss institutional investors are generally able to receive a full refund of the withholding tax. Due to, among other things, the time delay between the sale to the company and the institutional investors receipt of the refund, the price companies pay to repurchase their shares has historically been slightly higher (but less than 1 percent) than the price of such companies shares in ordinary trading on the SIX first trading line.

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We do not expect to be able to use the SIX second trading line process to repurchase our shares because we do not currently intend to list our shares on the SIX. However, we have in the past and intend to continue to follow an alternative process whereby we expect to be able to repurchase our shares in a manner that should allow Swiss institutional market participants selling the shares to us to receive a refund of the Swiss withholding tax and, therefore, accomplish the same purpose as share repurchases on the second trading line at substantially the same cost to us and such market participants as share repurchases on a second trading line.

The repurchase of shares for purposes other than capital reduction, such as to retain as treasury shares for use in connection with stock incentive plans, convertible debt or other instruments within certain periods, will generally not be subject to Swiss withholding tax.

Refund of Swiss Withholding Tax on Dividends and Other Distributions

Swiss holders A Swiss tax resident, corporate or individual, can recover the withholding tax in full if such resident is the beneficial owner of our shares at the time the dividend or other distribution becomes due and provided that such resident reports the gross distribution received on such resident s income tax return, or in the case of an entity, includes the taxable income in such resident s income statement.

Non-Swiss holders If the shareholder that receives a distribution from us is not a Swiss tax resident, does not hold our shares in connection with a permanent establishment or a fixed place of business maintained in Switzerland, and resides in a country that has concluded a treaty for the avoidance of double taxation with Switzerland for which the conditions for the application and protection of and by the treaty are met, then the shareholder may be entitled to a full or partial refund of the withholding tax described above. The procedures for claiming treaty refunds (and the time frame required for obtaining a refund) may differ from country to country.

Switzerland has entered into bilateral treaties for the avoidance of double taxation with respect to income taxes with numerous countries, including the U.S., whereby under certain circumstances all or part of the withholding tax may be refunded.

U.S. residents The Swiss-U.S. tax treaty provides that U.S. residents eligible for benefits under the treaty can seek a refund of the Swiss withholding tax on dividends for the portion exceeding 15 percent (leading to a refund of 20 percent) or a full refund in the case of qualified pension funds.

As a general rule, the refund will be granted under the treaty if the U.S. resident can show evidence of:

- beneficial ownership,
- U.S. residency, and
- meeting the U.S.-Swiss tax treaty s limitation on benefits requirements.

The claim for refund must be filed with the Swiss federal tax authorities (Eigerstrasse 65, 3003 Berne, Switzerland), no later than December 31 of the third year following the year in which the dividend payments became due. The relevant Swiss tax form is Form 82C for companies, 82E for other entities and 82I for individuals. These forms can be obtained from any Swiss Consulate General in the U.S. or from the Swiss federal tax authorities at the address mentioned above or at www.estv.admin.ch. Each form needs to be filled out in triplicate, with each copy duly completed and signed before a notary public in the U.S. Evidence that the withholding tax was withheld at the source must also be included.

Stamp duties in relation to the transfer of shares The purchase or sale of our shares may be subject to Swiss federal stamp taxes on the transfer of securities irrespective of the place of residency of the purchaser or seller if the transaction takes place through or with a Swiss bank or other Swiss securities dealer, as those terms are defined in the Swiss Federal Stamp Tax Act and no exemption applies in the specific case. If a purchase or sale is not entered into through or with a Swiss bank or other Swiss securities dealer, then no stamp tax will be due. The applicable stamp tax rate is 0.075 percent for each of the two parties to a transaction and is calculated based on the purchase price or sale proceeds. If the transaction does not involve cash consideration, the transfer stamp duty is computed on the basis of the market value of the consideration.

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Purchases of Shares

The following table sets forth for the periods indicated certain information with respect to repurchases by Noble-Swiss of its shares:

Period	Total Number of Shares Purchased (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
October 2012	189	$ 38.09		6,769,891
November 2012		$ 0.00		6,769,891
December 2012	2,200	$ 34.28		6,769,891

(1) All share purchases made in the open market and were pursuant to the share repurchase program which our Board of Directors authorized and adopted and our shareholders approved. Our repurchase program has no date of expiration.

(2) Amounts represent shares surrendered by employees for withholding taxes payable upon the vesting of restricted stock or exercise of stock options.

Stock Performance Graph

This graph shows the cumulative total shareholder return of our shares over the five-year period from January 1, 2008 to December 31, 2012. The graph also shows the cumulative total returns for the same five-year period of the S&P 500 Index and the Dow Jones U.S. Oil Equipment & Services Index. The graph assumes that $100 was invested in our shares and the two indices on January 1, 2008 and that all dividends or distributions and returns of capital were reinvested on the date of payment.

Company Name / Index	INDEXED RETURNS Year Ended December 31, 2008	2009	2010	2011	2012
Noble Corporation	$ 39.76	$ 73.66	$ 66.55	$ 57.12	$ 66.82
S&P 500 Index	63.00	79.67	91.68	93.61	108.59
Dow Jones U.S. Oil Equipment & Services	40.70	67.22	85.60	74.96	75.20

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Investors are cautioned against drawing any conclusions from the data contained in the graph, as past results are not necessarily indicative of future performance.

The above graph and related information shall not be deemed soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

Item 6. Selected Financial Data.

The following table sets forth selected financial data of us and our consolidated subsidiaries over the five-year period ended December 31, 2012, which information is derived from our audited financial statements. This information should be read in connection with, and is qualified in its entirety by, the more detailed information in our financial statements included in Item 8 of this Annual Report on Form 10-K.

	Year Ended December 31,
	2012